



# ANALYSIS AND PROSPECTS OF ATTRACTING INVESTMENTS TO THE ECONOMY OF THE REPUBLIC OF KARAKALPAGISTAN IN STATISTICAL METHODS

Saparov Kuatbay Abdirakhmanovich<sup>1</sup>

<sup>1</sup>Researcher at Institute for Staff Advanced Training and Statistical Research

## ABSTRACT

DOI No: 10.36713/epra15037

Article DOI: <https://doi.org/10.36713/epra15037>

*This article analyzes the prospects for attracting investments in the fixed capital of the economy of the Republic of Karakalpakstan, the variety of regulatory methods, factors affecting the dynamics and organization of investment processes, the state of investment support in the Republic of Karakalpakstan.*

**KEYWORDS:** *Fixed capital, foreign investors, funds of local investment companies, financing of capital investments at the expense of state and local budgets, statistical research of investment activity.*

## INTRODUCTION

Investment activity can be considered in two positions - in a broad and narrow sense. In a broad sense, investment activity is an activity related to the introduction of funds into investment objects for the purpose of earning income. A similar interpretation is available in the Law "On Investments and Investment Activity"[1], according to which investment activity is defined as a set of actions of subjects related to the implementation of investments. In a narrow sense, investment activity is defined as the process of converting investment resources into income.

The prosperity of the enterprise's own production and the development of the economy as a whole depend on the volume of capital investments. It is very difficult to believe that production will work effectively without appropriate investments. In order to analyze the state of future development of investment activity in the Republic of Karakalpakstan, it is necessary to pay attention to its descriptive indicators. First of all, an indicator such as the volume of direct foreign investments in the country's economy is important.

## ANALYSIS OF LITERATURE ON THE TOPIC

A number of local scientists also gave opinions on investment, investment activities and processes in their research. In particular, in the researches of D.G'.G'ozibekov, T.M.Koraliev, it is said that "Investments reflect the sum of all types of property and intellectual assets as long-term investments in the sectors of the national economy"[2].

Academician S.S. Gulomov and A.M. Abdullaev developed conceptual approaches to the investment process business methodologies and the complex of implementation of risk averse business policy and innovative entrepreneurship[3].

B. T. Baikhanov defined the investment process as the analysis of supply and demand for investment, formation of its fund, study of risks and payback periods, evaluation of efficiency and implementation of investment policy selection stages [4].

As O. A. Rudenko noted, "state regulation of investments" and "state investment policy" are not the same terms. Investment policy is a broader concept that can be used as non-interference, while the concept of "government regulation of investment activities" has an active nature[5].

According to SMPanchyshyn, investment activity is more general and emphasizes it as a set of decisions and related actions aimed at turning savings into investments[6].

GV Hegel investment activity is the process of organizing investments in the current economic conditions in the country, and he says that in the process of investing, the model of the investor's behavior in terms of increasing his own capital is determined [7].

This opinion is also confirmed by B Shchukin, who defines investment activities as design, organizational, management and control activities carried out in the interests of the planned implementation of investments [8].

G.I.Ivanov defines investment activity as the activity of formation, placement, investment, change and compensation of investments, including their management and the entire system of investment relations [9].

## RESEARCH METHODOLOGY

The variety of regulatory methods is a wide range of factors affecting the dynamics and organization of investment processes, in particular, programs and plans, standards and certificates, norms and standards, tariffs, prices, shares, quotas, customs tariffs, securities, subsidies. and benefits, as well as guarantees, taxes and credits. The process of state regulation of investment activity involves the provision of a number of regulatory information, including market mechanism conditions, macroeconomic, ecological, financial and political, motivational, regulatory, social and ethnographic conditions, as well as the conditions of investment activity regulation and state regulation. ensures the availability of conditions.

## ANALYSIS AND RESULTS

To increase investments in business activities, the following is necessary:

- improvement of the legal framework that clearly defines the rights of investors and gives them the opportunity to freely invest free funds in the enterprises of the Republic of Karakalpakstan;
- creation of educational centers that educate and inform citizens about investment activities, as well as show examples of attracting foreign investors;
- to acquire international knowledge about the investment activities of enterprises. Improvement

of such investment activities has a positive effect on the development of enterprises and the economy of the republic as a whole. The main directions of increasing the investment attractiveness of the republic through investment:

1) creation of a favorable investment environment that provides financing of capital investments at the expense of foreign investors, funds of local investment companies, funds of the state and local budgets;

2) improvement of the regional policy of economic development in the direction of stimulating capital investments in priority development directions and depressed regions;

3) improving the state tax policy in order to reduce the tax pressure on business entities that direct their financial resources to finance capital investments;

4) improvement of means of financing capital investments for some (priority) types of economic activity;

5) to promote the development of the parbanking system to stimulate the financing of capital investments.

The conducted analyzes show that these investments, which combine different types of capital, provide access to modern technologies, help to accelerate the development of the market of goods and services, stabilize the economic situation, and also form investment markets in the enterprise, regional and national economy as a whole, contribute to the development of infrastructure. In addition, investments allow solving the issue of sustainable development of economic entities in modern economic conditions . It should be noted that at this stage of the enterprise's activity, its production potential, effective activity directly proportionally depends on investment decisions.

Thus, analyzing the state of investment support in the Republic of Karakalpakstan, we can come to the following conclusion that the Republic of Karakalpakstan has a unique climate and opportunities among the regions of the country, and can attract foreign and local investments to the economy and use it effectively. Investments ensure the implementation of the main moments in the production processes of management of enterprises, which are the basis of the economy.

Due to large financial diffusions, it is possible to renew the funds of production entities, to enter new markets, to apply new production practices, and to implement large innovative projects and create new jobs. Investment resources help to implement the policy of sustainable development in the enterprise. Also, investing in the region makes it easier for enterprises to enter the foreign market.

According to the results of the analysis, currently in the Republic of Karakalpakstan, a large part of the gross regional product is used to cover final consumption costs, and in fact, all goods and services produced in the country require the use of investments in production facilities to meet the needs of society. With such a share of capital investments in GNI, there can be no talk of innovative development, because given the scale of problems accumulated in the economy, it is clear that they will not be enough to implement real structural changes. In this regard, it is important to emphasize the importance of the implementation of the state policy aimed at creating a favorable investment environment in the Republic of Karakalpakstan and increasing the efficiency of the management system of macroeconomic processes. This will help to encourage business to make positive investment decisions for investors and reduce economic risks.

According to the results of the analysis of the network structure of investments aimed at the development of the economy, it was found that investors in the Republic of Karakalpakstan pay more attention to short-term investments, which negatively affects the prospects of restoring and increasing production potential. Considering the low efficiency of capital investment management, it is necessary to pay attention to investment priorities that have a qualitative impact on the development of the republic's productive forces. However, despite the fact that important scientific work is being carried out in the field of researching the problems and prospects of development of investment activities, improving the investment environment, researching the advantages and threats of attracting foreign investments, it requires scientific research on the issue of improving the network structure of foreign investments in the Republic of Karakalpakstan.

Therefore, based on the research results, the following conclusions can be drawn. Despite the fact that attracting international investors and improving the investment environment is declared one of the priorities of the state policy of the Republic of Uzbekistan, the volume of direct foreign investments in the Republic of Karakalpakstan remains at a low level. They cannot solve the problems accumulated in the economy, primarily due to its raw material orientation and network inefficiencies. Unlike developed countries with modern technologies and infrastructure, Karakalpakstan should invest more in the formation and development of the Republic.

Implementation of investment attraction projects is most effective when the factor of state regulation of

this process is activated. In this regard, the organizational-economic planning mechanism of attracting investments includes the stage of planning measures for the development and implementation of state regulatory methods, which includes the development of strategic programs and plans, norms and standards, quotas, customs and other tariffs, including subsidies and incentives, standards and certifications, taxes and credits, prices and guarantees, as well as the development of institutional and organizational structures and securities legislation.

Implementation of the organizational and economic mechanism of state regulation of investment attraction is carried out on the basis of the principles of state regulation of investment activity. The direction of regulation depends on the spheres of economic and legal impact on the investment process, and includes regulation of the stock market, regulation of investor participation in privatization, tax, budget and credit regulation, as well as the implementation of flexible depreciation policy.

In order to correct the current situation and improve the network structure of foreign investments in the Republic of Karakalpakstan, it is necessary to widely introduce tax and non-tax methods of investment promotion. Industrial sectors of production are one of the most effective means of attracting foreign investments in world practice. They provide many advantages to regions and regions, including activation of industrial production, creation of new jobs, increase and diversification of exports, transfer of technologies and management practices, development of new types of economic activity, first of all, high technologies.

, we will consider the future perspective of investments in fixed capital in the Republic of Karakalpakstan for the growth of the gross regional product and the absorption of investments in the republic. For this,

$$Y = \frac{X_1^{0.15} * X_2^{7.081} * X_3^{0.77}}{e^{45.397608}}$$
 from the regression equation that was initially determined and the factors involved in it, in particular:

- investment in fixed capital -  $X_1 = -1328.5 + 879.1 * t$ ;
- the number of jobs in the economy -  $X_2 = 547.9 + 12.4 * t$ ;
- the number of enterprises operating in the republic -  $X_3 = 6772.2 + 1532.3 * t$ ;

Using the system of time-dependent trend equations for  $t=14$ , a multifactor forecast of the gross regional product of the Republic of Karakalpakstan was determined (Table 1).

**Table 1**  
**Multifactor forecast of the gross regional product of the Republic of Karakalpakstan<sup>1</sup>**

Years	Gross Regional Product, Billion Soum	Investment in Fixed Capital, Bln. Soum	Number of Jobs In The Economy, Thousand People	Number Of Operating Enterprises, Unit
2023	35764.1	10978.9	721.5	28224
2024	42514.8	11858	733.9	29757
2025	50293.1	12737.1	746.3	31289
2026	59226.2	13616.2	758.7	32821
2027	69453.8	14495.3	771.1	34354
2028	81129.1	15374.4	783.5	35886

From the data of Table 1, it can be seen that by 2028, the gross regional product of the Republic of Karakalpakstan will increase by 2.3 times compared to 2023 and reach 81129.1 billion. if it reaches soums, this will definitely increase the investment volume in the main capital of the republic by 1.4 times, the number of jobs in the economy by almost 1.1 times, and the number of operating enterprises by 1.3 times, correspondingly to 15374.4 billion. soums, 783,500 people and 35,886 enterprises. It can be noted that the most important factor in achieving this result is investment in fixed capital.

Now the regression equation of the future change in the volume of investments in fixed capital in the Republic of Karakalpakstan

$$Y_{inv} = \frac{x_1^{1.2} * x_2^{1.61} * x_3^{0.08}}{e^{11.86542}}$$

Factors selected as independent variables from and related to:

Average salary for the Republic of Karakalpakstan - X1 = -37.6 + 252.6 \* t;

- the number of jobs in the economy - X2 = 547.9 + 12.4 \* t;

- the number of enterprises operating in the republic - X3 = 6772.2 + 1532.3 \* t;

using the time-dependent trend equations of the system of equations with t=14, the multifactor forecast of the volume of investments in the fixed capital of the Republic of Karakalpakstan is determined (Table 2).

**Table 2**

**Multifactor forecast of the volume of investments in the fixed capital of the Republic of Karakalpakstan<sup>2</sup>**

Years	Investment in Fixed Capital, Bln. Soum	Average Salary, Thousand Soums	Number of jobs in the Economy, Thousand People	Number of Operating Enterprises, Unit
2023	11413.7	3498.8	721.5	28224
2024	12808.8	3751.4	733.9	29756
2025	14286.6	4004	746.3	31289
2026	15848.7	4256.6	758.7	32821
2027	17496.8	4509.2	771.1	34353
2028	19232.5	4761.8	783.5	35886

Based on the data in Table 2, the average salary in the Republic of Karakalpakstan will increase by 36.1% in 2028 compared to 2023, the number of jobs in the economy will increase by 8.6%, and the number of operating enterprises will increase by 27.2%, respectively 4761.8 thousand soums, 783 , With 5 thousand people and 35886 people, the amount of capital investment increased by 68.5% to 19232.5 billion. it is expected to reach soum.

Investment resources serve to increase the investment image of the region both at home and abroad. In our opinion, there are several promising proposals for attracting investments more effectively:

- compliance with the stable exchange rate of the national currency;

- creating a favorable investment environment by making necessary changes to legal documents;

- creation and implementation of a certain motivational system for attracting investment funds;

- creation of investment and innovation infrastructure;

- establishing relations between state and business structures. In order to successfully solve the problem of attracting and implementing investments by business entities, first of all, it is necessary to determine the source of financing of investment funds

<sup>1</sup> Author's development based on the information of the Agency of Statistics under the President of the Republic of Uzbekistan

<sup>2</sup> Author's development based on the information of the Agency of Statistics under the President of the Republic of Uzbekistan

and, based on it, to evaluate the effectiveness of investment activities in the enterprise.

## CONCLUSIONS AND SUGGESTIONS

In general, the activation of foreign investments is the result of the integration of the national economy into the world economy and the emergence of positive trends in the development of production, that is, the increase in the level of capital formation in the Republic of Karakalpakstan should be carried out primarily due to the increase in national savings due to the activation of the process of turning funds into investments. Foreign funds, despite playing an important role in the investment process, are of secondary importance, because they enter the domestic economy only if macroeconomic stability and production growth are achieved. When determining the tasks of investment activity, attention is paid to components such as ensuring high rates of economic development of the enterprise, obtaining maximum profit from investment activity, minimizing investment risks, ensuring financial stability and solvency.

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